



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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February 10, 1997

Dan Brown
Great Salt Lake Minerals
8300 College Boulevard
Overland Park, Kansas 66210

Re: Escalation of Reclamation Surety, Little Mountain Plant, M/057/002, Weber County, Utah

Dear Mr. Brown:

Enclosed is a copy of our Letter of Credit form which you requested in a phone conversation February 7th. You stated you wanted to change your surety company from First Security Bank of Utah to a bank out of our State. If *any changes are made to this form*, please send us a *draft* copy for our review before finalizing.

Also, as was stated over the phone, whenever the surety is being changed, the Board of Oil, Gas and Mining has directed us to update the surety at that time. This update requires that we escalate the surety amount five years into the future. Enclosed is a copy of the updated surety estimate calculations. The amount of surety required is \$298,900 in year 2002 dollars.

Please be aware that Great Salt Lake Minerals has dug a trench on the property which has not been included in the reclamation surety estimate. Due to a backlog of permitting issues our staff has not had the opportunity to re-calculate the reclamation surety to include this latest change. When we have the opportunity to do so, we will adjust the surety to include this latest change. The surety estimate enclosed represents a change in the current surety amount due to escalation only.

If you have any questions regarding this letter, please contact me at (801) 538-5267 or my supervisor, D. Wayne Hedberg at (801) 538-5286.

Sincerely,

Anthony A. Gallegos
Senior Reclamation Specialist

jb
Enclosures: LOC and Surety Estimate Update
M057002.ltr

SURETY ESTIMATE UPDATE

filename m57-02up.wb2

Great Salt Lake Minerals Corporation

Last Update

02/10/97

Little Mountain Plant

M/057/002

Weber County

Prepared by Utah Division of Oil, Gas & Mining

DESCRIPTION:

- This update adjusts the surety amount for escalation only; no changes to the mine plan are include
- Reclamation estimate last revised by the Division 10/19/94 for Strongs Knob amendment
- Reclamation base amount is \$246,628 in terms of 1994 dollars
- The previous total bond amount was \$272,400 in 1999 dollars
- Escalation factors through 1996 are actual Means Historical Cost Indices
- Total disturbed area (pond system, dikes & plant not included) = **162.6 acres**
- Total disturbed area which will be reclaimed = **140.0 acres**

CALCULATIONS

FORMULA	YR	ESCAL FACTOR	BOND AMOUNT	
	1992	0.0221	\$0	
$F = P(1 + i)^{**n}$	1993	0.0261	\$0	
F = Future Sum	1994	0.0321	\$246,628	Base amount & year
P = Present Sum	1995	0.0193	\$251,388	
i = Escalation Factor	1996	0.0242	\$257,472	
n = number of periods	1997	0.0252	\$263,960	
	1998	0.0252	\$270,612	
Average of 3 yrs = 2.52%	1999	0.0252	\$277,431	
Used to Project 5 Yrs	2000	0.0252	\$284,422	
Into the Future	2001	0.0252	\$291,590	
From the Year 1997	2002	0.0252	\$298,938	

Updated Surety Amount Rounded (2002-\$)

\$298,900

Average cost per disturbed acre =

\$1,838 (\$/acre)